

Economic Development: 2009 Year in Review

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Introduction

A Smart City. A Smart Choice.

In spite of a worldwide financial meltdown, the City of Worcester experienced steady economic growth in 2009. Education and health services were among the fastest-growing industries, with a 4.7% increase; and the leisure and hospitality industry increased by 3.7% over the previous year. In 2009, more than 60 new businesses opened in the city. Over 2,300 building permits were issued, totaling an estimated value of \$116.8 million in both residential and commercial renovations and new construction.

Overall, Worcester enters 2010 as a strong regional economic force, with over \$2.3 billion worth of public and private investment planned, recently completed, or underway, including a number of infrastructure improvement projects, and new commercial construction and development. This is attributed to a number of factors: targeted incentives in key industries, such as manufacturing; strategic infrastructure investments in rail, air, streets, and sidewalks; a coordinated and aggressive approach to marketing and outreach; and private development leveraged by public investment.

2009 was certainly not without its fair share of challenges, however, as national and local companies continued to struggle with increased costs, property taxes, and other economic strains. Regionally, some corporate decision makers postponed expansion plans while start-up companies felt the effects of a tightening credit market. In Worcester, however, a diverse mix of industry helped to stabilize the local economy—a number of reputable, established corporations, such as Saint-Gobain Performance Plastics, Beechwood Hotel, UMass Medical School, and Hanover Insurance Group expanded either their business lines, product offerings, or square footage needs. In an historic milestone, the City successfully negotiated to retain and relocate Unum, one of Worcester's oldest financial services companies, to the new CitySquare development project.

Even as negotiations continue on the CitySquare project, new activity abounds in the Downtown. The Commercial Street corridor, across from the DCU Center, was reinvigorated with the opening of The Citizen Wine+Cheese+Chocolate, V Amendment Bar & Grille, Il Forno, and a \$10 million investment by the Massachusetts College of Pharmacy and Health Sciences. In 2009, Worcester welcomed a mix of establishments like Jewel Box, Boiler Room Industrial Lounge, Moe's Corner Lunch, Cantina, Gobare, and Secret Society; a number of key properties, including 6 and 16 Portland Streets, 60 Franklin Street, 184 and 653 Main Streets were fully renovated; improvements at 180, 427, and 551 Main Street are underway and are slated for completion in 2010.

The following pages provide a sampling of the progress in 2009 and the promise for 2010. In our quest to create jobs, the City has also taken a leadership role in crafting statewide legislation for creating additional economic development tools to help Massachusetts' urban centers help ourselves. The legislation includes incentives to attract new industry, to retain and expand local jobs, to create market-rate housing, and to foster economic vitality. Its passage is critically important to attract private investment and housing, renovate historic buildings, and grow jobs to create more positive momentum as we pull ourselves out of this recession. We continue to work very closely with our State Delegation and the State Administration on this initiative.

Thank you for your support. We look forward to working with the Worcester City Council in 2010 on a number of initiatives that will support our collective economic development agenda.

ENTERTAINMENT

Worcester welcomed a mix of entertainment and dining options in many of its commercial corridors, including the Downtown, Shrewsbury Street, and the Canal District. A vibrant city offers residents and visitors a menu of options, and this list of new restaurants and entertainment venues to the city will attract many to the area.

Bluri Bar and Lounge, Main Street

Nine's, Millbury Street

Johnny Macs, Pleasant Street

Luciano's Café, Union Station

Stake's Sports Pub, Pleasant Street

McDonald's Tavern, West Boylston Street

Cantina, Main Street

Road Runner Pizza, West Boylston Street

Mofongo's, Cambridge Street

Safari Café, Chandler Street

Il Forno, Exchange Place

La Cabana, Millbury Street

Jewel Box, Green Street

Dean's Deli, Jolma Road

Las Palmas, Lincoln Street

D~L Studios, Harding Street

Five Guys Burgers and Fries, Lincoln Street

Moe's Corner Lunch, Main Street

Little Caesars, Main Street

Pizza Bella, Maywood Street

Il Padrino, Shrewsbury Street

In House Coffee, Shrewsbury Street

The Citizen, Exchange Place

Delightful Dips, Grafton Street

V Amendment Bar & Grille Commercial Street

Boiler Room Industrial Lounge, Harding Street



RETAIL

The City is home to many independently and nationally-owned retail establishments and this remains a strong component of the local economy. From Pleasant to Grafton and Lincoln to Stafford streets, small and large businesses opened or expanded to provide goods and services in the last year. Worcester residents and visitors continue to benefit from conveniently located and unique shopping opportunities. Below is a sampling of retail businesses that opened in 2009.

Central Rock Climbing Gym, Barber Avenue
Salon 641, Chandler Street
Goodfellas Barber Shop, Chandler Street
Cigar Masters of Worcester, Exchange Place
Snap Fitness 24-7, Grafton Street
Gobare, Harding Street
Glow, Jolma Road
Superior Waste and Recycling, Kansas Street
Candela Nails & Spa, Lincoln Street
Clothes Addicts, Main Street
Vina Hair Salon, Main Street
LC's, Main Street
Creative Nails & Spa, Neponset Street
SS Auto, Park Avenue
Beatnik's, Park Avenue
Loft 266, Park Avenue
Millennium Fashions, Pleasant Street
Jubba Halal Market, Pleasant Street
In a Buzz, Pleasant Street
Colours, Pleasant Street
FrenchTwist, Pleasant Street
Tangled Salon, Shrewsbury Street
Junior's Produce & Deli, Shrewsbury Street
Eastern Border, Shrewsbury Street
Verizon Wireless Retailer, Shrewsbury Street
Crossfit, Shrewsbury Street
D&R Dollar Discount, Stafford Street
Webster Square Vision Center, Stafford Street
Secret Society, Water Street
Out of Control Racing, West Boylston Street
Kilcoyne Auto Body, West Boylston Street

Enchanted Fireside, West Boylston Street
Revitalize Therapy, West Boylston Street
Summit Forms & Printing, West Boylston Street
Beauty Works, West Boylston Street
MetroPCS, Main Street
CB Community First Bank, Winter Street
Info Diligo, Winter Street
W Salon, Winter Street
D-L Fitness Studios, Winter Street
Worcester Family Dental, Front Street
DNA Gaming USA, Front Street



DEVELOPMENT

In spite of the economy, many businesses and educational institutions moved ahead with expansion plans, including UMass Medical School, Beechwood Hotel, Wal-Mart, Saint-Gobain Performance Plastics, College of the Holy Cross, Worcester State Hospital, and the Massachusetts College of Pharmacy and Health Sciences. Progress continues at South Worcester Industrial Park (remediation and demolition), Gateway Park (developer designation), Worcester Regional Airport (Massport negotiations), and CitySquare (Unum letter of intent).



CONSTRUCTION FOR ALBERT SHERMAN CENTER AT UMASS MEDICAL SCHOOL



EXPANSION AT BEECHWOOD HOTEL

SOUTH WORCESTER INDUSTRIAL PARK



BEFORE



WORCESTER REGIONAL AIRPORT

AFTER



DEMOLITION FOR PAD-READY SITES

RESIDENTIAL

A national housing crisis weakened the real estate market. Worcester was not immune to the impacts of the economic downturn compounded by an increase in foreclosures. The city proactively and aggressively worked to reverse the trends through the Buy Worcester Now Program and the Neighborhood Stabilization Program. The City secured more than \$12 million in Federal Stimulus monies that will dramatically change the landscape of some of the hardest hit neighborhoods in the coming year. A number of major new downtown housing projects were also completed in 2009, offering a diverse range of housing options.



6 PORTLAND STREET



HADLEY BUILDING



CULTURAL ECONOMY

In 2009, the Worcester Cultural Coalition, in partnership with the City of Worcester, spearheaded an increasing number of cultural development activities that have successfully contributed to the more than two million people who visited Worcester last year. This success is attributed to a variety of activities that have effectively promoted Worcester's arts and culture scene. These efforts include cultural initiatives; creation, promotion, and delivery of cultural events; and raising awareness as well as encouraging participation in cultural institutions and organizations. Worcester is considered a leader in New England's cultural economy. The following is a sample of some recognitions as well as cultural initiatives completed or underway in 2009.



- The Worcester Cultural Coalition membership expanded to 68 strong.
- Traffic to www.worcestermass.org — the Worcester Cultural Coalition/Economic Development Division web site — increased by 610% over calendar year 2008. 62,084 absolute unique visitors made some 345,186 page views.
- The Worcester Cultural Commission awarded some \$115,000 in grants to 67 Worcester-based artists and organizations in the arts, sciences, and humanities, as well as successfully staged the second annual Art in the Park exhibition, drawing thousands of visitors to historic Elm Park. Art in the Park won a Gold Star Award from the Massachusetts Cultural Council.
- The Economic Development Division assisted three major and a number of small film/television and media projects in 2009.
- The summer's *Out to Lunch* concert series on Worcester Common was produced by the City, with support from the Worcester Regional Chamber of Commerce, and featured seasoned local artists and food vendors.
- **Commonwealth Award - Creative Economy Catalyst:** The Massachusetts Cultural Council granted the Worcester Cultural Coalition the Commonwealth Award for serving as a creative economy catalyst and the Governor has appointed the City's Cultural Development Officer to serve on the Commonwealth's Creative Economy Council.

**Worcester
WiNDOWS**
A Community Gallery Program

FAST FACTS 2009

<i>Population:</i>	182,596
<i>Population within 50 sq/miles:</i>	6+ million
<i>2009 Area Median Income (Family of 4):</i>	\$79,700
<i>No. of Worcester-based Businesses:</i>	3,476
<i>Payroll of Worcester Employers:</i>	\$2.35 billion
<i>Downtown Office Space:</i>	4.4 million sf
<i>Colleges of Greater Worcester:</i>	13
<i>Annual Student Population:</i>	30,000+
<i>Percent of 25 to 34-year-olds with BA or Higher:</i>	37%
<i>No. of Hotel Rooms:</i>	980
<i>Number of Daily Trains between Worcester and Boston:</i>	13
<i>MBTA Commuter Rail to Boston:</i>	75 minutes
<i>WRTA Annual Passenger Trips:</i>	3.04 million

Worcester Rates Straight As

The City of Worcester maintained the same favorable bond ratings for another year as all three bond rating agencies upheld their bond ratings - Moody's Investor Services at A3, Fitch Ratings at A, and Standard & Poor's at A-.

Accolades

Worcester continues to garner national attention, with Moody's, Forbes, and the Milken Institute/Greenstreet Partners all highlighting Worcester's successes. In 2009, Forbes.com identified Worcester as the Ninth Most Livable City in the United States, Moody's Economy.com highlighted Worcester as the fifth best placed housing market for rebound, and Milken Institute/Greenstreet Partners announced Worcester as the 7th biggest gainer on their annual Best-Performing Cities Index.

Moody's Top Ten Housing Markets Ready to Rebound

1. Tacoma, Washington
2. San Diego, California
3. San Francisco, California
4. Memphis, Tennessee
5. **Worcester, Massachusetts**
6. Warren, Michigan
7. Boston, Massachusetts
8. Lansing, Michigan
9. Chicago, Illinois
10. Minneapolis, Minnesota

Worcester in Demand

According to the Worcester Regional Research Bureau, Class A Office Occupancy in Worcester increased from 88.9% to 90.3%. Colliers Meredith & Grew, in its 2009 4th Quarter Greater Boston Market Viewpoint, identifies Worcester as having a higher occupancy rate than Boston, Cambridge, Route 128, and Route 495 and also being one of only two markets within the region boasting positive absorption in 2009 (the other being the micro-market of South Station, Boston).